

**Reply Comments of the
Computer & Communications Industry Association
to the President's Commission on the United States Postal Service**

On behalf of the Computer & Communications Industry Association (CCIA), I submit the following reply comments to the President's Commission on the U.S. Postal Service (USPS). In particular, we would like to reiterate our deep concerns about the Postal Service's forays into electronic commerce and other commercially competitive ventures, which we believe are beyond the scope of the Postal Service's mission and are contrary to the traditional role of government in the United States.

CCIA is the industry association representing Internet, computer, telecommunications, software, and electronic commerce companies ranging from small, entrepreneurial firms to some of the largest in the industry. CCIA's member companies employ over a half-million people and generate annual revenues exceeding \$300 billion. We are the industry's leading advocate for free and open markets and fair, dynamic competition. Our industry has found that this principled approach to information technology and electronic commerce is a significant reason why the high-tech industry in the U.S. has experienced such rapid growth in recent years, to the distinct benefit of American consumers and workers.

In summary, our first set of comments detailed the historical, legal and policy justifications opposing any governmental agencies entrance into traditional private sector functions. As we wrote a month ago, "the United States Government was created to perform essential functions and services for our nation and its citizens, but one of these

purposes was not to become a commercial market enterprise.” For this reason, we cannot support, and continue to actively oppose any contemplated plans of the USPS to enter, or further enhance its entry into e-commerce. E-commerce is a function that private-sector companies are accomplishing with great success and innovation, and one that is counter to the mission of the USPS. Our opposition is fully stated in our original comments, which we incorporate here.

We are gratified after reviewing the other comments submitted that, of those who addressed this issue, the vast majority shares our concern and opposition to the USPS participation in these ventures. However, we take this opportunity to specifically rebut those who support the USPS activities with respect to e-commerce.

Curiously, the Heritage Foundation labels as “critical,” “the ability to diversify lines of business, especially for companies in declining businesses,”¹ and describes this diversification as “expanding its lines of business to related field (sic) such as e-commerce, transportation, and printing.”² Indeed, diversification and adaptation to new lines of business is a critical tactic for most businesses. However, the Postal Service – chartered by the Federal government and operated by Federal employees – is undeniably not a private-sector business, and does not function as one. The USPS has no shareholders, does not operate to maximize profit, and exists exclusively to advance the recognized public policy objective of providing universal mail service to all Americans. As Heritage notes, the Postal Service enjoys a number of advantages over private firms

¹ Comments of the Heritage Foundation, at 3.

² Id.

that shield it from market forces, including exemption from taxation, environmental, antitrust, and other regulations, and security from bankruptcy.

Indeed, CCIA is astonished that the Heritage Foundation, an organization that espouses as part of its mission to “promote conservative public policies based on the principles of free enterprise [and] limited government,”³ would advocate a position that runs so profoundly counter to both. Encouraging the USPS to use its monopoly government position to subsidize unfair competitive ventures against free enterprise cannot be reconciled with the Heritage Foundation’s espoused mission, nor is it compatible with our nation’s economic traditions.

Similarly, LINX-PS submitted comments encouraging the USPS’ continued expansion into e-commerce ventures. LINX-PS argues that since e-mail is the cheapest form of communication, the USPS should not be excluded from this market when they can provide secure, reliable, e-mail.⁴ The basis for this claim is that France has implemented, and the West-African country of Burkina Faso will soon employ, a governmental system to provide citizens with e-mail addresses.⁵ Fundamentally, there are obvious differences between the U.S. economic system and that of countries such as France and Burkina Faso, particularly with regard to these governments’ active roles in operating State-run firms that compete against private-sector companies.

Notwithstanding these critical differences, CCIA also questions the need for the U.S. government to duplicate services that are widely available and easily obtained from any

³ See Mission Statement at <http://www.heritage.org/About/index.cfm>.

⁴ See comments of LINX-PS at 23.

⁵ Id. at fn 26.

number of sources. Secure, reliable e-mail service has become largely ubiquitous for most Americans, and no one can point to a market failure or compelling basis for entry of the Federal government into this market. Entry of the USPS or any other government agency into the provision of e-mail services is clearly not warranted, and would not fulfill any public interest, but only the desire of the bureaucracy to insert itself where it is not needed or wanted.

Worldata, a direct marketing company, also comments on the need for a standardized e-mail provider.⁶ They explicitly state that this will reduce online commerce ventures and hurt traditional ISPs. The alleged benefits would be the ability for the USPS to filter out certain e-mail (“spam”) and only allow direct marketing from companies such as Worldata who are registered with the USPS. CCIA would note that the USPS is not in the business of filtering and deciding what paper mail is appropriate for Americans to receive, and in fact is very active in cultivating the business of direct marketers and “junk” mailers. We cannot fathom how the USPS’ filtering of electronic messages is any more appropriate for e-mail delivery than for regular mail. Furthermore, there are a wide of technologies and services available to consumers who seek to protect themselves from spam, and Congress is actively considering a number of proposals to limit the amount of unwanted e-mail sent to consumers. Nationalization of e-mail service would be a radical overreaction to address this concern.

⁶ See comments of Worldata. CCIA questions how the email address of johnd@201bsr-fl236.usa, the example given by Worldata is preferable, more convenient, and more desired than any commercial offering (for example, johnd@yahoo.com or johnd@mail.com).

LINX-PS also advocates establishing additional USPS e-commerce services to promote traditional postal products, as well as expanding its e-Bill Payment service.⁷ Insofar as these activities go beyond “postal” services as contemplated by the regulatory framework established by Congress, the USPS Board of Governors, and the Postal Rate Commission, or “nonpostal” services performed on behalf of governmental agencies, CCIA again strenuously objects to their consideration. Merely because the USPS has been used to deliver hard-copy mail containing certain types of content, this does not mean that USPS should inject itself into the business of offering that specific service. According to the logic that the USPS should perform an electronic bill payment service because it delivers bills and payments, the USPS could also establish banking services because it delivers bank statements, or enter the magazine publication industry.

Yet, some commenters actually do recommend that the USPS enter itself into banking services. The National Association of Postal Supervisors and the National League of Postmasters both specifically propose expansion of services into -- among other activities -- banking and copying services.⁸ Again, these functions are currently being served by a wide array of competitive market participants, many of whom are heavily regulated and are not afforded the monopoly position or financial protection that a taxpayer-financed, government agency enjoys.

In summary, we reiterate our long held position that the USPS should confine its activities that serve the core of its mission without expanding into unnecessary and costly

⁷ Comments of LINX-PS at 23.

⁸ Comments of National Association of Postal Supervisors at 4; comments of National League of Postmasters at 1.

ventures. We lend our voice of support for this proposition to the many others, including: the American Postal Workers Union; AOL Time Warner; the Association for Postal Commerce; Citizens Against Government Waste; the Office of the Consumer Advocate of the Postal Rate Commission; the Institute for Research on the Economics of Taxation; the Mail and Parcel Industry; the National Postal Policy Council; PitneyBowes; Postal Watch; Postal Workers for Management Reform; the Printing Industries of America, Inc.; Valpak Direct Marketing; and the Commissioner of the Postal Rate Commission.

Thank you for the opportunity to submit these reply comments.

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March 13, 2003